

Labor Management Partnership at Kaiser Permanente

THE HISTORY

When Henry J. Kaiser and Dr. Sidney Garfield created a health plan for Kaiser's shipyard and construction workers in the 1930s, they created what became Kaiser Permanente. With a customer base consisting almost entirely of union members, Kaiser Permanente grew into the largest nonprofit health care organization in the country. Today, an innovative partnership among Kaiser Permanente managers, workers, physicians and dentists—the Labor Management Partnership—is the largest and most comprehensive partnership of its kind.

The Labor Management Partnership was formed in 1997 after years of labor turmoil within Kaiser Permanente and competitive pressures within the health care industry. It remains Kaiser Permanente and the Coalition of Kaiser Permanente Unions' joint strategy for workplace engagement and performance improvement. Today it covers some 100,000 union employees, 25,000 managers and 16,000 physicians in eight states and Washington, D.C.

THE THEORY

The Partnership is based on the simple idea that the people who do the work every day understand the challenges and can come up with innovative solutions. Independent surveys of KP employees have shown significant improvements in worker engagement, satisfaction and performance among workers who are involved in LMP activities.

THE PRACTICE

On a day-to-day basis, LMP means that workers, managers, physicians and dentists use joint decision making and a problem-solving process based on common interests. Frontline employees, managers and physicians now work in *unit-based teams*—collaborative work groups that improve performance as part of their ongoing work. The arrangement has been credited with improving patient care and satisfaction, while making Kaiser Permanente a better place to work. Results include:

- New team protocols for managing hypertension, diabetes, access to specialty care and other clinical services;
- More effective work processes and improved patient satisfaction scores achieved in thousands of team-led improvement projects;
- Waste-reduction and cost savings improvements totalling more than \$100 million a year.

A MODEL OF MUTUAL RESPECT

Many prominent analysts consider the Labor Management Partnership a model. "Kaiser Permanente is one of the only organizations I know of that is trying to build a genuine partnership between its unions and management," says Professor Jeffrey Pfeffer of Stanford University's Graduate School of Business. "(Kaiser Permanente) and its unions are attempting to build an innovative model of management—a relationship of mutual respect."